



February 19, 2016

ENGROSSED SENATE BILL No. 242

DIGEST OF SB 242 (Updated February 17, 2016 3:59 pm - DI 84)

Citations Affected: IC 28-7.

Synopsis: Loans to credit union officers. For purposes of the statute authorizing a state chartered credit union to make a loan to an officer of the credit union, makes the lending limit consistent with federal law that applies to loans to officers of a bank. (Current law provides that the total of all such outstanding loans may not exceed \$100,000.)

Effective: Upon passage.

Walker, Raatz, Randolph Lonnie M

(HOUSE SPONSORS — BURTON, BEUMER)

January 7, 2016, read first time and referred to Committee on Insurance & Financial Institutions.

January 25, 2016, amended, reported favorably — Do Pass.

January 28, 2016, read second time, amended, ordered engrossed.

January 29, 2016, engrossed.

February 1, 2016, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 9, 2016, read first time and referred to Committee on Financial Institutions.

February 18, 2016, reported — Do Pass.

ES 242—LS 6531/DI 101



February 19, 2016

Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 242

A BILL FOR AN ACT to amend the Indiana Code concerning financial institutions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 28-7-1-17.2, AS ADDED BY P.L.90-2008,
2 SECTION 43, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 17.2. (a) A credit union may make a loan to
4 the credit union's individual officers under the following terms and
5 conditions:

6 (1) The loan must comply with all requirements under this chapter
7 that apply to loans made to other borrowers.

8 (2) The loan may not be on terms more favorable than those
9 extended to other borrowers unless the loan is made in connection
10 with a benefit or compensation plan that:

11 (A) is widely available to employees of the credit union; and

12 (B) does not give preference to any officers of the credit union
13 over other employees of the credit union.

14 (3) The loan must be promptly reported to the credit union's board
15 of directors.

16 (4) A loan to the officer, the officer's immediate family, or the
17 officer's related interests either by itself or when added to the

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amounts of all other loans made under this section to the officer, the officer's immediate family, or the officer's related interests, for any purpose, may not exceed, at any given time, the greater of:

(A) two and one-half percent (2.5%) of the credit union's capital and unimpaired surplus; or

(B) twenty-five thousand dollars (\$25,000);

but in no event more than one hundred thousand dollars (\$100,000). **must be made in accordance with 12 CFR 215.5 (Regulation O).**

(b) The limits set forth in subsection (a)(4) do not apply to any of the following:

(1) An extension of credit made under a line of credit approved under this section if the extension of credit is made not later than fourteen (14) months after the line of credit was approved.

(2) A loan, in any amount, to finance the education of an officer's child.

(3) A loan, in any amount, to finance or refinance the purchase, construction, maintenance, or improvement of a residence of an officer, if:

(A) the loan is secured by a first lien on the residence and the residence is owned, or will be owned after the loan is made, by the officer; and

(B) in the case of a refinancing, the loan includes only the amount used to repay the original loan, plus any closing costs and any additional amount used for any purpose described in this subdivision.

(4) A loan, in any amount, secured by a perfected security interest in bonds, notes, certificates of indebtedness, or treasury bills of the United States or in other obligations fully guaranteed as to principal and interest by the United States.

(5) A loan, in any amount, secured by a perfected security interest in a segregated deposit account in the lending credit union.

(c) A credit union may not make a loan under this section to an officer, the officer's immediate family, or the officer's related interests if the amount of the loan, either by itself or when added to the amounts of all other loans made under this section to the officer, the officer's immediate family, or the officer's related interests, exceeds the lending limits set forth in IC 28-7-1-39.

(d) (c) The department may apply the provisions of 12 CFR 215 (Regulation O) in applying and administering this section.

SECTION 2. An emergency is declared for this act.



COMMITTEE REPORT

Madam President: The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 242, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 17, delete ",".

Page 1, line 17, strike "either by itself or when added to the".

Page 2, strike lines 1 through 6.

Page 2, line 7, strike "but in no event more than".

Page 2, line 7, delete "two".

Page 2, line 7, strike "hundred".

Page 2, line 7, delete "fifty".

Page 2, line 7, strike "thousand dollars".

Page 2, line 8, delete "(\$250,000)." and insert **"must be made in accordance with the restrictions and provisions of Regulation O of the Board of Governors of the Federal Reserve System (12 CFR 215) that apply to banks."**

and when so amended that said bill do pass.

(Reference is to SB 242 as introduced.)

HOLDMAN, Chairperson

Committee Vote: Yeas 8, Nays 0.

 SENATE MOTION

Madam President: I move that Senate Bill 242 be amended to read as follows:

Page 1, line 17, reset in roman "either by itself or when added to the".

Page 2, reset in roman lines 1 through 2.

Page 2, line 3, reset in roman "any purpose,".

Page 2, line 8, delete "the restrictions" and insert **"12 CFR 215.5 (Regulation O)."**

Page 2, delete lines 9 through 10.



Page 2, strike lines 11 through 33.

Page 2, line 34, strike "(c)" and insert "**(b)**".

Page 2, line 40, strike "(d)" and insert "**(c)**".

(Reference is to SB 242 as printed January 26, 2016.)

WALKER

COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred Senate Bill 242, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to SB 242 as reprinted January 29, 2016.)

BURTON

Committee Vote: Yeas 10, Nays 0

